

Exhibit \_\_\_\_ (DNP-T)  
Docket No. UT-991991  
Witness: David N. Porter

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the matter of the Petition of	)	
	)	
MCI WORLDCOM, INC. and	)	
SPRINT CORPORATION	)	Docket No. UT-991991
	)	
for an Order (1) Disclaiming Jurisdiction	)	
or (2) in the Alternative, Approving the	)	
Transfer of Control of Sprint Corporation's	)	
Washington Operating Subsidiaries to	)	
MCI WorldCom, Inc.	)	

**DIRECT TESTIMONY OF DAVID N. PORTER**

**On behalf of  
MCI WORLDCOM, INC.**

**January 21, 2000**

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1 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

2 A. My name is David N. Porter. I am Vice President Government Affairs for MCI  
3 WORLDCOM, Inc. ("MCI WorldCom" or "the Company"). My business address is 1133  
4 19<sup>th</sup> Street, N.W., Washington, D.C. 20036.

5  
6 **Q. PLEASE BRIEFLY DESCRIBE YOUR BACKGROUND AND QUALIFICATIONS.**

7  
8 A. I work with senior managers of MCI WorldCom and its subsidiaries to develop and advocate  
9 its positions on public policy issues before state, federal and international regulatory and  
10 legislative bodies. I particularly focus on MCI WorldCom's filings before the Federal  
11 Communications Commission ("FCC") and in state proceedings on economic and technical  
12 issues. I also collaborate on our ongoing interconnection negotiations driven by the  
13 Telecommunications Act of 1996.

14  
15 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**  
16 **PROFESSIONAL EXPERIENCE.**

17  
18 A. I have a Bachelor of Science degree in General Engineering and a Masters in Business  
19 Administration. I am registered as a Professional Engineer in Illinois, New Jersey and New  
20 York. I began my telecommunications career in 1967 as an engineer for Illinois Bell. I had  
21 numerous assignments in traffic, outside plant, local and toll central office and toll facility  
22 engineering. After these assignments, I was a service cost engineer responsible for designing  
23 and completing cost studies to support Illinois Bell rate filings. In that capacity I also  
24 established the price of equipment, land and buildings to be sold to or purchased from

1 customers and other utilities. In 1976, I transferred to AT&T. I worked on the AT&T team  
2 that negotiated and implemented the breakup of the Bell System. For two years following  
3 AT&T's divestiture of the Bell Operating Companies in 1984, I managed the state and  
4 federal regulatory activities for AT&T Information Systems. In the late 1980s, I was  
5 responsible for developing policy positions related to state regulatory issues and for  
6 managing AT&T's intrastate financial results.

7 From the early 1990s until passage of the Telecommunications Act in 1996, I  
8 communicated AT&T's interests on technical matters involved in local exchange  
9 competition and enhanced and wireless services to Members of Congress, the FCC and their  
10 staffs. During that time, I also traveled in Europe and South America with employees of the  
11 U.S. State Department and the U.S. Department of Commerce to bilateral and other meetings  
12 during which the U.S. government encouraged other governments to adopt laws and policies  
13 that would foster telecommunications development and competition. I continue to conduct  
14 training sessions for State Department embassy trade personnel worldwide. I have spoken  
15 and provided testimony before many state regulatory and legislative bodies and have attended  
16 and made presentations to numerous industry meetings and training sessions.

17 In May of 1996, I joined MFS Communications Company, Inc., as Vice President  
18 Government Affairs. MCI was acquired by WorldCom, Inc. in 1997. WorldCom, Inc.  
19 subsequently acquired MCI Communications Corporation in 1998 and is now MCI  
20 WorldCom.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to describe the request of MCI WorldCom and Sprint  
3 Corporation (“Sprint”) (together the “Petitioners”), for Commission approval of a transaction  
4 whereby MCI WorldCom would acquire control of Sprint’s Washington operating  
5 companies. I will also show that the merger of MCI WorldCom and Sprint is consistent with  
6 the public interest and will benefit Washington consumers and businesses.

7 Both MCI WorldCom and Sprint are authorized, through certain operating  
8 subsidiaries, to provide a variety of telecommunications services within the State of  
9 Washington. Exhibit 2 to the Petition is an organizational chart showing the MCI  
10 WorldCom subsidiaries authorized to provide intrastate interexchange services and CLEC  
11 services in Washington. As described more fully in the Petition, the proposed transfer of  
12 control would be accomplished through a transaction whereby the Sprint holding company  
13 would merge with and into the MCI WorldCom holding company. Sprint’s Washington  
14 operating companies would then become wholly-owned subsidiaries of MCI WorldCom.  
15 The new holding company would be known as WorldCom. MCI WorldCom and Sprint are  
16 not currently affiliated with each other.

17  
18 **Q. PLEASE BRIEFLY DESCRIBE MCI WORLDCOM AND THE SERVICES IT**  
19 **PROVIDES IN WASHINGTON.**

20  
21 A. MCI WorldCom is a publicly traded Georgia corporation. Its principal offices are located  
22 at 500 Clinton Center Drive, Clinton, Mississippi 39056. Through various operating

1 subsidiaries, MCI WorldCom is authorized to offer intrastate interexchange (“IXC”)  
2 telecommunications services in 50 states and the District of Columbia, including intrastate  
3 services within Washington. MCI WorldCom IXC subsidiaries are authorized by the FCC  
4 to offer domestic interstate and international voice and data communications services to  
5 customers throughout the United States. MCI WorldCom subsidiaries also are qualified and  
6 certificated as competitive local exchange carriers (“CLECs”) in each state and the District  
7 of Columbia. Exhibit 2 to the Joint Petition provides a list of the subsidiaries providing  
8 service in Washington. The Company provides competitive local services in more than 100  
9 markets nationwide, including Seattle.

10 In Washington, MCI WorldCom operates local and toll switches and toll fiber and  
11 microwave routes. The Company has a local fiber network serving Seattle, Bellevue and the  
12 surrounding communities. MCI WorldCom operates a national paging service and has  
13 acquired certain multichannel multipoint distribution services (“MMDS”) spectrum licenses  
14 in a number of states. The Company’s MMDS spectrum licenses in Washington  
15 complement the MMDS spectrum licenses held by Sprint Corporation.

1 **Q. PLEASE DESCRIBE THE TRANSACTION FOR WHICH THE PETITIONERS**  
2 **SEEK COMMISSION APPROVAL.**

3  
4 A. On October 5, 1999, MCI WorldCom and Sprint Corporation announced that the two  
5 companies had entered into a definitive Agreement and Plan of Merger ("Merger  
6 Agreement") whereby Sprint will be merged into MCI WorldCom. Although the transaction  
7 will result in a change in the ownership of the Sprint Washington operating companies, the  
8 merger does not involve any assignment of Sprint's Certificates of Public Convenience and  
9 Necessity, or any change in the entities that hold such certifications.

10 As described in greater detail in the Petition, the merger will be achieved through a  
11 stock-for-stock transaction requiring neither company to incur additional debt. The  
12 Agreement provides that, within a specified range of market prices, each share of Sprint's  
13 FON common stock will be exchanged for WorldCom group common stock valued at \$76.00  
14 and that each share of Sprint's PCS common stock will be exchanged for one share of  
15 WorldCom PCS group common stock and 0.1547 shares of WorldCom group common  
16 stock. The exchange rates will vary if the stock price exceeds or drops below that range.  
17 The rate will also be adjusted for subsequent stock splits. Following the merger, existing  
18 MCI WorldCom shareholders will own shares representing a majority of the total voting  
19 power of WorldCom capital stock.

20  
21 **Q. WHY DO PETITIONERS DESIRE TO MERGE?**

22  
23 A. Both companies competed and performed well in the telecommunications environment that

1       existed until very recently. But, in an environment with eminent Bell long distance entry and  
2       massive industry consolidation, both companies separately were examining how long they  
3       could avoid being consumed in a mega-merger not of their choosing. Indeed, BellSouth bid  
4       aggressively against MCI WorldCom in this merger. The Petitioners concluded that this  
5       merger would give the new company the physical and human assets it needs to compete  
6       successfully against the mega-Bells and AT&T/CATV. We strongly feel both residential and  
7       business customers will be better served by having a viable third, full-service competitor in  
8       many markets than they would be if only two providers emerge from the industry  
9       consolidation. Further, neither company wanted to be acquired by their long time  
10      protagonists.



**PLEASE DESCRIBE THE EFFECT OF THE TRANSACTION ON THE  
PROVISION OF INTRASTATE SERVICES TO MCI WORLDCOM'S AND  
SPRINT'S WASHINGTON SUBSCRIBERS.**

A. The Petitioners' existing regulated entities in Washington will not be modified or reorganized as a result of this transaction. They will continue to operate as separate, regulated entities just as they had prior to the merger of the holding companies. . If, after the merger is consummated and the new management team has examined its joint Washington operations, WorldCom decides to change its Washington operations, it will return and seek such approvals as the then current Commission rules may require. This is exactly what MCI WorldCom did in 1999, when it consolidated its numerous intrastate interexchange subsidiaries operating in Washington.

Until that time, the subsidiaries of MCI WorldCom and Sprint, which operate in Washington, will continue to provide high quality, affordable telecommunications services to the public. Thus, this transaction will neither disrupt service nor cause inconvenience or confusion to the customers of any MCI WorldCom or Sprint subsidiary. Indeed, the transaction will be virtually transparent to the customers in terms of the services they receive. Of course, the new WorldCom will continue to comply with the Commission's reporting and quality of service requirements for its CLEC operations.

1 **Q. HOW CAN THE COMMISSION BE ASSURED THAT THE MERGER WILL HAVE**  
2 **NO NEGATIVE IMPACT ON SPRINT'S ILEC OPERATIONS?**

3  
4 A. MCI WorldCom and Sprint will make the following commitments to assure that there will  
5 be no negative impact on the retail telecommunications services provided by United  
6 Telephone Company of the Northwest d/b/a Sprint ("United"). First, the operations of  
7 United will be unchanged by approval of the merger. Second, United will continue to  
8 comply with all Washington statutes and applicable regulatory requirements. Third, the  
9 combined entity will maintain its investment in United's network and work force in  
10 Washington at levels that are required to continue to provide high quality local service to its  
11 business and residential customers. These commitments will ensure that Sprint's  
12 Washington local exchange customers will experience no adverse changes from the merger.

1 **Q. PLEASE DESCRIBE THE PUBLIC INTEREST BENEFITS ASSOCIATED WITH**  
2 **THE TRANSACTION.**

3  
4 A. As described in the Joint Petition, MCI WorldCom and Sprint were both born outside the  
5 Bell System and raised as competitors facing large incumbents. They share a demonstrable  
6 record of effective competition and an entrepreneurial spirit that has contributed to rapid  
7 growth, competitive pricing and availability of innovative long distance and wireless  
8 telecommunications services. The proposed merger is in the public interest, in part, because  
9 it will build on that experience. Using their complementary assets and entrepreneurial  
10 heritage, the Petitioners expect to create an all-service telecommunications provider capable  
11 of continuing their competitive pricing and innovation. By joining forces, MCI WorldCom  
12 and Sprint will provide formidable competition to AT&T with its CATV assets and the  
13 newly combined and combining Bell Companies, including SBC/PacTel/Ameritech, US  
14 WEST/Qwest, and Bell Atlantic/GTE, as they earn entry into the long distance marketplace.  
15 As one example, the merger should accelerate the deployment of new, innovative and  
16 advanced services like MMDS, which WorldCom intends to use to offer high-speed digital  
17 access to residential and business consumers alike. At the same time, MCI WorldCom  
18 remains committed to continuing to provide of high quality basic local exchange service to  
19 all of Sprint's existing local residential and business customers. These points are described  
20 more fully below.

1 **Q. WHAT EFFECT WILL THE PROPOSED TRANSACTION HAVE ON THE**  
2 **INTERLATA MARKET IN WASHINGTON?**

3  
4 A. There will be no adverse effect on competition in this market as a result of this merger.  
5  
6 Competition in the interLATA long distance industry is a proven success story – prices have  
7 steadily declined, while supply and demand are ever increasing. The long distance market  
8 share for the combined company will be well below that of AT&T both nationally and in  
9 Washington. According to the FCC, AT&T serves 59.3% of the residential toll market in  
10 Washington, while MCI WorldCom and Sprint combined serve just 23.9%. But even these  
11 numbers are history. They do not reflect realities of the marketplace today. Today, the  
12 increased competitiveness of the interLATA toll market is driven largely by the explosive  
13 growth in fiber optic capacity to carry toll that has occurred and is occurring in Washington  
14 and elsewhere.

15 **Q. WHAT DO YOU PERCEIVE TO BE THE REALITIES OF THE CURRENT**  
16 **MARKETPLACE?**

17  
18 A. There are three major realities which 1998 market share numbers cannot reflect. First, there  
19 are today at least eight (8) interLATA carriers (other than MCI WorldCom and Sprint)  
20 operating expanding fiber optic networks in Washington. Maps of some of these  
21 competitors' networks are attached hereto as Exhibit DNP-1. Second, the capacity of each  
22 fiber is expanding rapidly due to technological advances. And third, powerful new  
23 competitors are poised to enter the Washington local and long-distance markets within the  
24 next 12 to 18 months, including SBC, BA/GTE and U S WEST/Qwest.

1 As early as February 1999, SBC Telecom announced plans to enter the Seattle market  
2 with a full range of services as early as twelve months following the closing of its merger  
3 with Ameritech. That merger closed in October 1999. In furtherance of this commitment,  
4 the WUTC approved SBC Telecom's interconnection agreement with GTE on December 29,  
5 1999. In addition, to facilitate its entry into the long-distance market, SBC entered into a  
6 long-term alliance with Williams Communications to use Williams' 32,000 mile fiber-optic  
7 backbone to transport its long-distance traffic nationwide. Williams is currently expanding  
8 its fiber-optic capacity in Washington state. Copies of pertinent SBC Telecom  
9 announcements and a map of Williams' network are attached as Exhibit DNP-2.

10 GTE is already providing interLATA long-distance service throughout Washington.  
11 Its pending merger with Bell Atlantic will simply enhance its ability to compete in  
12 Washington local and long-distance markets. Finally, even though we think its entry is not  
13 yet justified, U S WEST likely will be permitted to begin providing in-region interLATA  
14 services before MCI WorldCom will have had the opportunity to fully capture the benefits  
15 of this merger with Sprint – a process likely to take 12 to 18 months.

16  
17 **Q. HOW MANY INTEREXCHANGE CARRIERS ARE PROVIDING TOLL SERVICES**  
18 **IN WASHINGTON TODAY?**  
19

20 A. The Commission's web site provides a list of all registered telecommunications companies.  
21 This list includes 502 carriers registered to provide long-distance service in Washington.  
22 While many of these carriers are resellers, after this merger, there will be at least eight (8)  
23 interexchange carriers other than WorldCom operating or building fiber facilities in

1 Washington. These include AT&T, Williams, ELI, Qwest, IXC, Level 3, GST, and Global  
2 Crossing/Frontier. Together, these carriers are adding hundreds of route miles of fiber  
3 capacity in Washington, and making this capacity available to other carriers. The most  
4 recent example is Adelphia's (formerly Hyperion Communications) January 12  
5 announcement that it will be leasing dark fiber capacity on a Level 3 route which includes  
6 Seattle (<http://www.hyperioncom.net/html/corp/genpr01122000.htm>). But fiber or route miles  
7 provide only one dimension of new capacity.

8 **WHAT ELSE IS DRIVING THIS HUGE INCREASE IN NETWORK CAPACITY?**  
9

10 A. The huge increase in capacity per fiber is driven by two phenomena: first, available digital  
11 transmission speed is increasing from OC-12 (622 Mbps) to OC-48 (2.5 Gbps) to OC-192  
12 (10 Gbps) with OC-768 (40 Gbps) available in the near future. Second, wave division  
13 multiplexing allows carriers to transmit these high speed digital signals on multiple  
14 wavelengths of light simultaneously – at first just two wavelengths, then sixteen, now forty  
15 and in the laboratory over a thousand wavelengths simultaneously. These advances,  
16 combined with evidence that numerous facilities-based carriers operate routes within the  
17 state, provide ample evidence that there are neither barriers to entry nor capacity constraints  
18 in Washington's interLATA market. Indeed, the Petitioners, along with AT&T, control an  
19 ever diminishing share of long distance capacity nationwide and in Washington.

1 **Q. WHAT WILL BE THE IMPACT OF U S WEST ENTRY INTO THE LONG**  
2 **DISTANCE MARKET?**

3  
4 A. U S WEST already provides intraLATA long distance service throughout its region, and has  
5 filed Section 271 Petitions in Arizona (Docket No. T-00000B-238), Nebraska (Docket No.  
6 C-1830) and Colorado (Docket No. 971-198T). On January 18, 2000, U S WEST submitted  
7 a request to the WUTC to establish procedures for considering Section 271 issues in the State  
8 of Washington. U S WEST asserts it can begin offering interLATA services immediately  
9 after it gains the necessary state and federal approvals. Any RBOC's dominance in the local  
10 and intraLATA market will likely enable it to rapidly increase interLATA market share. For  
11 example, in New York, Bell Atlantic estimates it will acquire 26% of the interLATA market  
12 share in its territory after entry. Some observers report SNET has captured over half the  
13 Connecticut interLATA market only three years after entering that market. These market  
14 share estimates exceed the market shares that MCI WorldCom and Sprint have achieved after  
15 20 years of competitive effort.

16 U S WEST will also add to the supply of interLATA capacity in  
17 Washington. We understand that U S WEST has an extensive "official"  
18 network with substantial "dark" fiber built at ratepayer's expense. These  
19 in-region network facilities provide U S WEST with an effective base from  
20 which to build an interLATA network once 271 authority is granted. U S  
21 WEST need only establish trunk groups in its existing access switches and  
22 utilize its "official" transmission facilities to offer intrastate and  
23 regional interstate services - or it could resell other interexchange  
24 carrier services. U S WEST also has the advantage of its proposed merger

1 with Qwest, which if approved will immediately provide access to Qwest's  
2 already existing and rapidly expanding global network.

3  
4 **Q. DOES THIS AVAILABILITY OF CAPACITY AND THE NUMBER OF**  
5 **PROVIDERS IMPACT THE ABILITY OF CARRIERS SUCH AS THE NEW**  
6 **WORLDCOM TO INCREASE RATES?**

7  
8 A. Yes, it does. The new providers have substantial available network  
9 capacity and much of it is currently unused. This capacity can be brought  
10 into service quickly and at a reasonable cost. Thus, any increase in our  
11 prices could be met by significant expansions in output by the new long  
12 distance carriers. The substantial new capacity in the market constrains  
13 the ability of carriers to increase prices or to do anything else that  
14 might harm customers.

15  
16 **Q. HOW WILL THE PROPOSED TRANSACTION AFFECT THE LOCAL EXCHANGE MARKET IN**  
17 **WASHINGTON?**

18  
19 A. The merger is likely to produce public interest benefits by improving  
20 WorldCom's local cost structure and by accelerating the deployment of new  
21 competitive technologies in the local exchange market.

22 *First*, MCI WorldCom's local facilities will be more fully utilized  
23 when long distance traffic from both companies is aggregated. This will  
24 reduce average unit costs for switched access, special access, and local  
25 services. *Second*, the aggregation of the combined companies' exchange and  
26 toll traffic will also allow the merged company to economically justify  
27 the deployment of additional local facilities more quickly and in more  
28 service areas simultaneously than either company could justify on its own.  
29 This will reduce the merged company's dependence on LEC facilities,  
30 accelerate facilities-based entry into local markets, and make more  
31 efficient use of those facilities. *Third*, use of MCI WorldCom's local



1 facilities and collocation arrangements will help Sprint more rapidly  
2 deploy its Integrated On-Demand Network ("ION") service by using MCI  
3 WorldCom's broadband metropolitan area network facilities and shared  
4 collocation cages rather than needing to build or contract for their own  
5 facilities. *Fourth*, as further detailed below, the combined company will  
6 be able to sell local services to an increased customer base, reducing  
7 customer acquisition costs. *Finally*, by combining their separate MMDS  
8 licenses, the Petitioners will stimulate equipment deployment for MMDS.  
9 This will improve WorldCom's ability to develop and deploy such systems,  
10 giving the Company the ability to offer broadband network access  
11 independent of the incumbent wireline and CATV operators. This will  
12 stimulate competition and hasten availability of competing broadband  
13 access. Consumers will benefit from this increase in competition and the  
14 availability of new and innovative services from multiple providers.

15  
16 **Q. WILL THE MERGER REDUCE DEMAND FOR NUMBER RESOURCES?**  
17

18 It might. The increased number of carriers in this industry has resulted in a significant demand on  
19 numbering resources. Many areas of the country are in jeopardy situations. If Sprint has  
20 reserved codes for its potential CLEC entry into Washington, the merger of MCI WorldCom  
21 and Sprint might allow the combined company to return NXX codes or reduce the need for  
22 additional NXX codes.

23  
24 **Q. HAS MCI WORLDCOM RETURNED CODES IN THE PAST?**  
25

26 A. Yes, it has. MCI WorldCom returned 770,000 telephone numbers to the North American  
27 Numbering Plan Administrator in September of 1999. In an ex parte letter to Chairman

1 Kennard of the FCC in CC Docket No. 99-200, MCI WorldCom explained that “[T]he return  
2 of these valuable resources was made possible by synergies from merging the number  
3 inventory systems of MFS, Brooks, and MCImetro. In light of the current pressure on the  
4 numbering resource, MCI WorldCom committed itself to returning any NXX that it would  
5 not need.”

6  
7 **Q. CAN YOU QUANTIFY FOR THE COMMISSION THE SYNERGIES AND**  
8 **EFFICIENCIES THAT WILL BE REALIZED IF THE MERGER IS APPROVED?**

9  
10 A. No, I can’t. It is impossible to specifically and accurately identify all savings and synergies  
11 before a merger occurs. MCI WorldCom and Sprint will remain vigorous competitors until  
12 this merger is consummated. This important fact limits the transfer of proprietary  
13 information between the two companies.

14  
15 **Q. WILL THE EXISTING LONG DISTANCE CUSTOMER BASE OF MCI**  
16 **WORLD COM AND SPRINT HELP THE NEW MERGED COMPANY EXPAND**  
17 **INTO THE LOCAL MARKET?**

18  
19 A. Yes, it will. Existing long distance customers are more likely to purchase local service from  
20 MCI WorldCom than are customers of other long distance providers. The merged company  
21 will have a much larger customer base to which to market local services. This larger  
22 customer base will allow WorldCom to grow its local business faster than either of the two  
23 companies could do on their own.

24 **Q. WILL THE NEW COMPANY OFFER ANY NEW SERVICES?**

25  
26 A. The new WoldCom will be able to offer a more complete range of facility-based services

1 than either MCI WorldCom or Sprint could alone. For example, MCI WorldCom has an  
2 ever increasing inventory of facilities in Europe, Latin America and Asia. Sprint does not.  
3 Together, we will be able to offer Sprint's local and domestic long distance customers access  
4 to an integrated international service offering. The combined company also will have a  
5 complete portfolio of wireless services – mobile and fixed narrowband, broadband MMDS  
6 and paging. We will have a unified domestic long distance network and will be better  
7 equipped to offer local services and digital-to-the-premises services to more customers  
8 outside Sprint's traditional local service areas. Perhaps, most significantly, we will be able  
9 to offer all these services from one carrier and compete against similar packaged offerings  
10 from companies like AT&T and the mega-Bells. One example is that we plan soon to offer  
11 an "any-distance" service where we can offer local service using the unbundled network  
12 element platform. The "any-distance" service will allow customers to buy a bundle of  
13 minutes and use them for any mix of local and long distance calling. We expect this to be  
14 an attractive offering.

15  
16 **Q. PLEASE DISCUSS MMDS.**

17  
18 **A.** MCI WorldCom is providing digital services via experimental MMDS licenses in several  
19 markets today. Nonetheless, there are prerequisites to using this technology on a broad scale.  
20 First, the FCC must formally approve two-way broadband transmission on MMDS spectrum.  
21 Further, MMDS two-way technology must still be developed, standardized, manufactured,  
22 and deployed before wireless broadband access becomes a viable commercial reality. The

1 scale and strategic importance to the Petitioners of broadband access will give potential  
2 MMDS vendors confidence that development of this new technology will reward their  
3 investment. Importantly, the proposed deployment and use of MMDS will be commercially  
4 feasible only if sufficient amounts of MMDS spectrum will be available for this application.  
5 Since the MMDS frequencies obtained individually by Sprint and MCI WorldCom do not  
6 overlap, combining the licenses should be sufficient to jumpstart the development of MMDS  
7 technology on a commercial basis. Thus, one of the benefits of the merger is the creation of  
8 a service provider, the new WorldCom, that will drive both development and deployment of  
9 a new technology that increases consumer access to broadband services.

10  
11 **Q. WHY IS IT IMPORTANT THAT WORLDCOM DEVELOP AND DEPLOY THIS**  
12 **NEW TECHNOLOGY?**

13  
14 **A.** This new technology will create another way for WorldCom to reach some residential and  
15 business customers. In Washington, the combined “footprint” of the Petitioners’ MMDS  
16 licenses includes Seattle/Tacoma, Bellingham, Spokane and Yakima. If we are successful,  
17 this new technology will reduce the market power of the two existing local bottlenecks – the  
18 last mile of the ILEC network and the cable facilities of AT&T.

19 Adding WorldCom as a fixed wireless player in the local exchange market increases  
20 the probability that there will be three ways to reach at least some residential customers.  
21 However, even with the combined resources of MCI WorldCom and Sprint, it will still take  
22 considerable time before local markets become competitive. The existence of different

1 technologies for access to the home will also result in some product differentiation.

2 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

3 A. The merger will produce a competitor better able to offer Washington customers a  
4 comprehensive, competitive alternative for a full range of services, including wireless and  
5 wireline local, domestic and international long distance voice, data and other broadband  
6 services. This “packaging” of services - using competing technologies - is and will be  
7 offered by major competing carriers, several of whom will remain larger than WorldCom  
8 following the merger. Robust long distance competition with its rapidly increasing capacity,  
9 new local services such as ION and MMDS, and the convergence of services within the  
10 industry demonstrate that this merger will have a beneficial effect on Washington’s  
11 residential and business customers.

12  
13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14  
15 A. Yes.